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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: June 16, 2010

Re: Department of Children and Families Monthly Report on the Wisconsin Shares Program

Attached is a report on Wisconsin Shares Program from the Department of Children and Families.

The report is being provided at the request of the Co-Chairs to review progress on fraud prevention and investigation on overpayment collections.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm

Jim Doyle
Governor

Reggie Bicha
Secretary



State of Wisconsin
Department of Children and Families

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June 15, 2010

Honorable Mark Miller
Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Mark Pocan
Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

RECEIVED
JUN 16 2010
BY: *St. Finance*

Dear Senator Miller and Representative Pocan:

This letter provides the Department of Children and Families' June 2010 report on fraud prevention, investigation and overpayment collection activities related to the Wisconsin Shares program. The data in this report covers May 2010 activities and is the eighth report submitted.

As previously noted, we have developed evaluation criteria related to provider attendance reporting, payment patterns and licensing requirements that we incorporate into our program management decisions. Also, our ongoing review of provider records and investigative findings continue to identify providers with problems that require suspension from the Shares program.

Following is a summary of May activity.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, May 2010

Expenditures related to fraud prevention and investigation: \$182,500

The above amount represents the May 2010 costs of the Child Care Fraud Detection and Investigation Unit; information technology programming costs; and an estimate of county expenditures from their DCF fraud allocation related to investigating suspected fraudulent activity.

Expenditures related to recovering overpayments due to error or fraud: \$30,000

The May 2010 expenditures related to recovering overpayments due to error or fraud are estimated above. The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud.

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Overpayment and/or restitution collected by DCF: \$125,892

In May 2010, DCF collected \$58,831 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid plus \$67,061 in child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are due to DCF as a result of an administrative finding that an overpayment has occurred.

Overpayment and/or restitution collected by other agencies: \$0

No overpayments and/or restitution collections have been reported by other agencies in May 2010 to DCF. As previously noted, PACU, through a broad range of collection tools including tax refund intercepts and administrative liens and levies, is the State's primary collection agency for public assistance overpayments.

Providers Suspended from the Wisconsin Shares Program, May 2010

During the month of May, DCF suspended payments to eight child care providers; seven from Milwaukee County and one from Racine County. The Department continues to review the details of Milwaukee County suspensions with the Child Care Anti-Fraud Task Force.

Also, during May a total of \$153,279 in overpayments were established in the Department's tracking system against all providers suspended from the Wisconsin Shares program. Through May the cumulative total for overpayments established against suspended providers since January of 2009 stands at \$3,195,245 which is slightly lower than last month due to recalculation of one provider's overpayment made during 2009.

Please let me know if you have any questions regarding the information in this report.

Sincerely,



Reggie Bicha
Secretary

Enclosure

cc: Dan Schooff, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|------------------------------|-----------------|---|------------------|---|-----------------------------|------------|
| Ernestine Cole | 05/01/2010 | The Department of Children and Families (DCF) and Racine County suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. Racine County conducted an investigation and determined the provider billed for weeks of care in which children were not in attendance. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |
| Growing and Learning Daycare | 05/01/2010 | DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations and investigative findings. The Department has evidence that the provider reported large numbers of children in attendance when the Department observed no children in attendance on the same dates and times. The Department has evidence that the provider reported large numbers of children in attendance when the Department observed a significantly lower number of children actually in attendance. The Department was also unable to gain access to the provider's day care facility during the provider's stated hours of operation on six separate occasions during an eleven day span. The unsuccessful attempts to verify the presence of children attending the facility raises a strong and reasonable suspicion that the provider is billing the Wisconsin Shares program for children that do not actually attend. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established? | Referred to Law Enforcement | Collection |
|---------------------|-----------|-----------------|---|------------------|---|-----------------------------|------------|
| Executive Kids | Milwaukee | 05/05/2010 | DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations and investigative findings. The Department has evidence that the provider 1) billed the Wisconsin Shares program for children not in attendance; 2) knowingly billed the Shares program for more hours than what the children actually attended; 3) paid employees additional sums of money above and beyond reported wages to enroll their children at the day care; and 4) entered into an agreement with another child care provider whose license was recently revoked to care for 40 children; however, care was never provided, yet the provider billed the Shares program as if care was being provided. Former employees and the spouse of the licensee who was active at the child care center were unable to recognize or state the names of these 40 children. The Department has evidence that Executive Kids billed the State for the full amount each child was authorized to attend regardless of actual attendance. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|------------------------------|-----------|-----------------|--|------------------|---|-----------------------------|------------|
| Kid's Place Learning Academy | Milwaukee | 05/20/2010 | DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. The Department audited the provider's attendance records. The Department's review of the records question the validity and accuracy of the sign in and sign out times of the children listed on the attendance records. If the attendance records the Department audited are the true and accurate attendance records as the provider claims, the Department has calculated a preliminary overpayment of \$98,616.47, which includes overpayments resulting from the provider being overcapacity. The Department questions the validity of the attendance records as the Department has evidence that there were only eight (8) children present when the Department visited the provider's facility on 4/14/2010. If the observed attendance is the accurate reflection for the number of children commonly in care, then the attendance records are false and children were reported as in attendance on the attendance records when not really present. The Department has evidence that on 2/17/2010, approximately 30 children were observed in attendance, however 53 were in attendance according to the sign in and sign out sheets maintained by the provider, and 44 children were billed as in attendance by the provider. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|---------------------|-----------|-----------------|---|------------------|---|-----------------------------|------------|
| New Beginnings | Milwaukee | 05/22/2010 | The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. The Department has evidence that the attendance records the Department is auditing are incomplete as the attendance records did not accurately capture the sign in and sign out times of children. The Department notes that the provider has a prior history of failing to maintain accurate attendance records and has been previously warned. The Department has evidence from former employees who state that their children only attended when they were working and that their children were listed as attending more hours than the former employees actually worked. The former employees also state they were paid for fewer hours than the hours they actually worked (underpaid). The former employees state that they were hired for the subsidy money their children would bring to the provider and further stated that employment was contingent on their children being enrolled and that it was a "package deal". The Department also has evidence that children authorized at 3311 W Villard location were actually being cared for at the 3526 W Capitol location as well as children authorized at the 3526 W Capitol location were actually being cared for at the 3311 W Villard location. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established? | Referred to Law Enforcement | Collection |
|--|-----------|-----------------|--|------------------|---|-----------------------------|------------|
| The Garden Family Enrichment Center | Milwaukee | 05/08/2010 | The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations and our investigative findings. The Department has evidence that the provider billed hours to the Wisconsin Shares program for as many as 21 children who did not appear on that week's attendance records over 12 consecutive weeks. The Department has evidence that the provider continued to bill the Wisconsin Shares program after an employee went on medical leave and her children were no longer in attendance at the provider's day care for over two months. | Yes | Overpayment establishment pending per formal investigation completion | No | N/A |
| Tranquility Learning & Education Academy | Milwaukee | 05/08/2010 | The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations and our investigative findings. The Department has evidence that the provider billed hours to the Wisconsin Shares program for 24 and 25 children who did not appear on two consecutive week's attendance records. The Department calculated an overpayment based on improper billing for 68% of the individual billing records the provider submitted to the Department. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |

Wisconsin Shares Provider Suspensions
May 2010

| Child Care Provider | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established? | Referred to Law Enforcement? | Collection Enforcement! |
|----------------------------------|-----------------|---|------------------|---|------------------------------|-------------------------|
| West Allis Childrens Center Inc. | 05/22/2010 | The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. The Department has evidence from the Department's electronic attendance reporting and billing system that between 8/31/2009 and 12/10/2009 the provider originally reported hours of attendance that matched the reported hours of attendance on the provider's sign in and sign out sheets. The Department has evidence that the provider later altered the previously reported hours of attendance and increased the reported hours of attendance to be greater than the hours recorded on the attendance records for numerous children. In some cases, the attendance records showed children not in attendance for a specific week and zero attended hours were originally entered, when the record was later altered, hours of attendance were entered that did not appear on the attendance records. | Yes | Overpayment establishment pending per formal investigation completion | Yes | N/A |